

Message Text

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FM AMEMBASSY TAIPEI

TO USDOC WASHDC

INFO SECSTATE WASHDC 4731

UNCLAS SECTION 1 OF 2 TAIPEI 5142

FOR BIC/OIV/EA/KELLY

BI/OIM/SAD

E.O. 11652: N/A

TAGS: BBSR, BEXP, TW

SUBJECT: MARKET RESEARCH BRIEF FOR PACKAGING EQUIPMENT VIDEO/
CATALOG EXHIBITION, MARCH 1978

1. SUMMARY:

GROWTH OF THE TAIWAN MARKET FOR PACKAGING EQUIPMENT HAS BEEN SLOW SINCE 1974, WHEN IMPORTS PEAKED. SINCE THE WORLD-WIDE ECONOMIC RECESSION, BUYERS OF PACKAGING EQUIPMENT HAVE BECOME VERY PRICE CONSCIOUS. PURCHASES OF THIS TYPE OF MACHINERY HAVE BEEN PLACED SECONDARY TO REPLACEMENT AND EXPANSION OF PRODUCTION EQUIPMENT. ALSO LOCAL MACHINERY MANUFACTURERS IMITATE MORE TECHNOLOGICALLY ADVANCED IMPORTED EQUIPMENT, AND THEIR PRICES ARE LOWER THAN THOSE OF THE IMPORTS. (IT IS GENERALLY CONSIDERED THAT U.S. PRICES ARE TWO TO FIVE TIMES HIGHER AND JAPANESE ONE-AND-A-HALF TO THREE TIMES HIGHER.)

HOWEVER, ACCORDING TO INTERVIEWS WITH EXECUTIVES OF THE CHINA PACKAGING INSTITUTE, CHINA INDUSTRIAL DESIGN AND PACKAGING CENTER, CHINA PRODUCTIVITY CENTER, LEADING IMPORTERS, AND MAJOR END-USERS, AT THE SAME TIME, RECOGNITION OF THE ADVANTAGES OF GOOD PACKAGING AND THE NEED FOR ADVANCED MACHINERY HAS BEEN SPREADING THROUGHOUT THE ECONOMY. GROWTH OF THE LOCAL MARKET FOR PACKAGING EQUIPMENT IS EXPECTED TO GAIN MOMENTUM DURING THE

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LAST FIVE YEARS OF THIS DECADE. ECONOMIC DEVELOPMENTS ARE CONTRIBUTING TO THE NEED FOR THIS TYPE OF EQUIPMENT, AND THE CHINA INDUSTRIAL DESIGN AND PACKAGING CENTER WAS SET UP TO ASSIST LOCAL PRODUCERS TO SOLVE THEIR PACKAGING PROBLEMS. FURTHER EXPANSION AND/OR NEW INVESTMENT IN PACKAGING EQUIPMENT IS SLOWLY, BUT SURELY, REVIVING. PROMOTIONAL EFFORTS AT THIS TIME BY U.S. MANUFACTURERS WERE RECOMMENDED, IN ORDER TO EDUCATE END-USERS

RE NEW MACHINERY AND CONCEPTS. THE UNANIMOUS RECOMMENDATION WAS FOR VISUAL PRESENTATIONS AND DEMONSTRATIONS. END SUMMARY.

2. INTRODUCTION:

1974 WAS THE BEST YEAR FOR IMPORTS OF PACKAGING MACHINERY AND EQUIPMENT, WITH A DRAMATIC INCREASE OF 742 PERCENT OVER THE PRECEDING YEAR. THE WORLD ECONOMIC RECESSION, HOWEVER, RESULTED IN NEGATIVE GROWTH IN 1975 AND 1976. ECONOMIC RECOVERY, INCREASED EXPORT SALES, AND GROWING URBANIZATION HAVE TURNED IMPORTS OF PACKAGING EQUIPMENT UP AGAIN. BASED ON THE VALUE OF IMPORTS JANUARY THRU APRIL, TOTAL IMPORTS OF THIS EQUIPMENT IN 1977 ARE PROJECTED AT \$5.9 MILLION, A GAIN OF 40 PERCENT OVER 1976. NOW MORE CONCERNED THAN EVER BEFORE WITH PROMOTING THEIR PRODUCTS IN HIGHLY COMPETITIVE MARKETS, AND WITH PROTECTING THEIR PRODUCTS FROM DAMAGE IN TRANSPORT, ROC EXPORT MANUFACTURERS ARE AGAIN SEEKING ADVANCED PACKAGING EQUIPMENT AND TECHNIQUES. TRADITIONAL CONCEPTS OF PACKAGING ARE STILL WIDE-SPREAD. THE POTENTIAL FOR MARKET GROWTH IS GREAT. ROC OFFICIALS ATTACH GREAT IMPORTANCE TO THE PROPER PACKAGING OF TAIWAN'S FINISHED INDUSTRIAL AND COMMERCIAL PRODUCTS. THEY RECOGNIZE THE NEED FOR MODERN, EFFICIENT PACKAGING EQUIPMENT. ORGANIZATIONS LIKE THE CHINA PACKAGING INSTITUTE AND THE CHINA INDUSTRIAL DESIGN AND PACKAGING CENTER ARE PROMOTING NEW CONCEPTS AND APPLICATIONS. STRONG INTEREST IN U.S. PACKAGING MACHINERY AND EQUIPMENT WAS DEMONSTRATED BY TAIWAN'S END-USERS DURING THE JEEP AND SEMINAR ON THE SUBJECT HELD AT THE

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TRADE CENTER IN SEPTEMBER 1975.

3. MARKET FOR PACKAGING EQUIPMENT: (US\$ MILLION)

	1972	1973	1974	1975	1976	
PRODUCTION		1.5	3.6	4.2	4.3	3.3
IMPORTS		1.7	1.3	10.9	5.9	4.3
EXPORTS		0.3	1.0	1.2	1.2	1.0
APPARENT CONSUMPTION		2.9	3.9	13.9	9.0	6.6

SOURCE: EXPORTS & IMPORTS: ROC INSPECTORATE GENERAL OF CUSTOMS

PRODUCTION: ESTIMATES

EXPORTS AS PERCENT OF PRODUCTION: (FIGURES ARE PERCENTAGES)

	20	25	29	28	30
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4. IMPORTS OF PACKAGING EQUIPMENT: (U.S.\$ MILLION)

	TOTAL	GROWTH
1972	1.7	
1973	1.3	-24 PERCENT
1974	10.9	PLUS 742 PERCENT
1975	5.9	-46 PERCENT
1976	4.3	-28 PERCENT
1977 (NOTE)	5.9	PLUS 40 PERCENT

NOTE: PROJECTED

SOURCE: ROC INSPECTORATE GENERAL OF CUSTOMS

5. AVERAGE MARKET SHARE:

USA	15 PERCENT
JAPAN	35 PERCENT
WEST GERMANY	22 PERCENT
OTHERS	12 PERCENT
LOCAL	16 PERCENT
	100 PERCENT

6. U.S. SHARE OF THE MARKET: (US\$ THOUSAND)

	1973	1974	1975	1976
NON-FOOD PACKAGING EQ.	235	456	510	239
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BEVERAGE BOTTLING/

CANNING EQ.	43	1291	129	171
FOOD PACKAGING				
MACHINERY	39	226	52	171
TOTAL	317	1974	619	581

SOURCE: U.S. TRADE DATA

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7. PRODUCTS WITH THE BEST POTENTIAL:

BASED ON STATISTICS AND OPINIONS OF END-USERS, MANUFACTURERS AND AGENTS, THE FOLLOWING PRODUCTS ARE REGARDED AS HAVING THE BEST SALES POTENTIAL IN THE TAIWAN MARKET:

FOOD PACKAGING MACHINES
VACUUM PACKAGING MACHINES
VERTICAL PACKAGING MACHINES
SEALING MACHINES
FORM-FILL SEALING MACHINES
PE, PP BAG MAKING MACHINES
CAPPING MACHINES
AUTOMATIC HIGH SPEED PACKAGING MACHINES
AUTOMATIC BAND STRAPPING MACHINES
CARTON STAPLERS
BOTTLING MACHINES
BAGGING MACHINES
TAPE DISPENSING MACHINES
BOX-FORMING MACHINES
STRETCH-WRAPPING MACHINES
HOT-MELT ADHESIVE APPLICATION SYSTEMS
CANNING MACHINES
STRETCH BUNDLING MACHINES

8. MAJOR END-USER SECTORS:

ACCORDING TO SOURCES INTERVIEWED, TAIWAN'S FOOD INDUSTRY IS THE LARGE
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USER OF PACKAGING EQUIPMENT. SAFE, EFFICIENT FOOD PROCESSING AND PRESERVING REQUIRE MECHANIZED PACKING AND PACKAGING. OTHER MAJOR USER INDUSTRIES ARE, IN ORDER OF IMPORTANCE, CHEMICALS (INCLUDING DETERGENTS AND COATINGS), PHARMACEUTICALS, HARDWARE, AND GARMENTS. CHEMICAL AND PHARMACEUTICAL CONCERNS MANUFACTURE PRODUCTS THAT REQUIRE SAFE AND/OR CAREFUL HANDLING AND PRESERVATION. HARDWARE AND APPAREL, LIKE ELECTRONIC AND PLASTIC PRODUCTS AND OTHER MAJOR EXPORTED ITEMS, REQUIRE PACKAGING ADEQUATE FOR PROTECTION DURING SHIPMENT OVERSEAS.

AT THE END OF 1976, THERE WERE 44,288 FACTORIES REGISTERED IN TAIWAN. FOLLOWING ARE THE NUMBERS REGISTERED IN THE MAJOR SECTORS UTILIZING PACKAGING EQUIPMENT:

FOOD & BEVERAGES	6569
CHEMICALS	7930
METAL PRODUCTS	3953
TEXTILES & GARMENTS	4353
ELECTRONIC PRODUCTS	2043

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